

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses DRI's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the July 1999 to the October 1999 *Idaho Economic Forecasts*. The July 1999 Idaho forecast was based on DRI's June 1999 U.S. macroeconomic forecast and the October 1999 Idaho forecast is driven by DRI's September 1999 forecast.

This section reviews the differences between the current and previous *Idaho Economic Forecasts*. Although real economic output is expected to be virtually unchanged this year compared to the July 1999 forecast, it shows notable improvement in every year thereafter. Specifically, the level of real GDP is 0.6% higher in 2000, 1.3% higher in 2001, and 0.8% higher in 2002. The forecast for real personal income displays a similar pattern. It is down 0.1% this year, but it is up 0.1% next year, 0.9% in 2001, and 0.8% in 2002. These improvements occur despite a slightly higher inflation forecast. Like real output and real personal income, the forecast for nonfarm employment has also generally improved compared to July 1999. It is 0.2% higher in 2000, 0.8% higher in 2001, and 0.6% higher in 2002.

The change in outlook for the Idaho economy is mixed. Idaho nonfarm employment is lower than was previously forecast, while nominal and real personal incomes are higher than in the July 1999 forecast. Total nonfarm employment is lower by 0.5% this year, 0.7% next year, and by 0.4% in both 2001 and 2002. Goods-producing employment is lower in the first two years of the forecast, but is actually higher than the previous projections for 2001 and 2002. Services-producing employment is down in each year of the forecast. Despite the slightly weaker outlook, personal income is expected to be higher. This is because the outlook for wages has improved since this summer. In fact, this advantage rises from \$361 per year in 1999 to nearly \$800 per year in 2002. Even after accounting for the small increases in inflation, real personal income ranges from being 0.2% higher in this year to 1.1% higher in 2002.

IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN JULY 1999 AND OCTOBER 1999 FORECASTS

	1998	1999	2000	2001	2002
GDP (BILLIONS)					
Current \$	0	2	77	148	102
% Difference	0.0%	0.0%	0.8%	1.5%	1.0%
1992 Chain-Weighted	0	-3	52	104	65
% Difference	0.0%	0.0%	0.6%	1.3%	0.8%
PERSONAL INCOME - CURR \$					
Idaho (Millions)	-1	96	264	410	408
% Difference	0.0%	0.3%	0.9%	1.4%	1.3%
U.S. (Billions)	0	2	40	95	82
% Difference	0.0%	0.0%	0.5%	1.2%	1.0%
PERSONAL INCOME - 1992 \$					
Idaho (Millions)	-1	50	137	288	287
% Difference	0.0%	0.2%	0.6%	1.1%	1.1%
U.S. (Billions)	0	-8	9	64	54
% Difference	0.0%	-0.1%	0.1%	0.9%	0.8%
TOTAL NONFARM EMPLOYMENT					
Idaho	-15	-2,823	-3,862	-2,371	-2,200
% Difference	0.0%	-0.5%	-0.7%	-0.4%	-0.4%
U.S. (Thousands)	-14	17	247	1,030	816
% Difference	0.0%	0.0%	0.2%	0.8%	0.6%
GOODS PRODUCING SECTOR					
Idaho	-2	-576	-847	378	790
% Difference	0.0%	-0.5%	-0.7%	0.3%	0.7%
U.S. (Thousands)	85	79	174	251	185
% Difference	0.3%	0.3%	0.7%	1.0%	0.8%
SERVICE PRODUCING SECTOR					
Idaho	-13	-2,247	-3,016	-2,748	-2,991
% Difference	0.0%	-0.5%	-0.7%	-0.6%	-0.7%
U.S. (Thousands)	-99	-61	73	778	632
% Difference	-0.1%	-0.1%	0.1%	0.7%	0.6%
FINANCIAL MARKETS					
Federal Funds Rate	0.0	0.3	0.7	0.8	0.8
Bank Prime Rate	0.0	0.3	0.8	0.8	0.8
Mort Rate, New Homes	0.0	0.1	0.6	0.3	0.2
INFLATION					
GDP Price Deflator	0.0	0.1	0.2	0.3	0.3
Personal Cons Deflator	0.0	0.2	0.4	0.3	0.2
Consumer Price Index	0.0	0.2	0.5	0.3	0.3

Forecast Begins the SECOND Quarter of 1999